

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

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For Immediate Release

NEWS RELEASE SUMMARY - September 5, 2006

United States Attorney Carol C. Lam announced that Christopher Brent Belaire, former PinnFund, U.S.A., Inc. employee, was sentenced today in federal court in San Diego by United States District Judge Marilyn L. Huff to serve 18 months in custody, six months in a half-way house, one year of supervised release, and a \$1,000 fine for filing false tax returns. Judge Huff also ordered Belaire to pay \$103,090.05 (plus penalties and interest) to the Internal Revenue Service for taxes owed on \$348,537.78 of unreported income.

According to Assistant U.S. Attorneys Sanjay Bhandari and Kevin J. Kelly, who prosecuted the case, Belaire pled guilty on May 30, 2006, to a two-count indictment charging him with filing a false tax return in tax years 2000 and 2001. Belaire admitted to failing to report \$249,098.78 in taxable income for 2000 and \$99,439.00 for 2001. The tax due and owing was \$81,397.43 and \$21,692.62 for 2000 and 2001, respectively.

According to court records, during 2000 and 2001, Belaire worked as a waiter at PinnFund USA, Inc., and was an associate of PinnFund's Chief Executive Officer Michael J. Fanghella. Through his association with Fanghella, Belaire was given access to substantial amounts of company funds, a large portion of which Belaire misappropriated for his own use. PinnFund was a Carlsbad-based mortgage lender whose offices were closed on March 22, 2001, as a result of a civil enforcement action instituted by the U.S. Securities and Exchange Commission. Fanghella later pled guilty to wire fraud, money laundering and tax evasion arising from his improper appropriation of investor funds, including his use of investor funds for his own personal expenses.

United States Attorney Lam said, "Cheating on taxes was only one of the many frauds associated with PinnFund USA. By the end of its existence, PinnFund was awash in improprieties."

"The prosecution of individuals who intentionally conceal income and evade their income taxes is a vital element in maintaining the public's confidence in our tax system," stated Kenneth J. Hines, IRS Criminal Investigation Special Agent in Charge for the San Diego Field Office. "This sentence serves as a reminder that all taxpayers are responsible for filing timely and accurate federal income tax returns."

DEFENDANT

Christopher Brent Belaire

SUMMARY OF CHARGES

COUNTS 1-2 False Tax Return, in violation of Title 26, United States Code, Section 7206(1).
Maximum penalty: 3 years' imprisonment per count.

AGENCY

Internal Revenue Service - Criminal Investigation Division